Rs 15·8 lakhs for the adjustment of the half share of the expenditure incurred on the mofussil water supply schemes and the enhanced provision for our control operations, the increase in the budgeted expenditure, as compared with the revised estimates for the current year is notable under Education, Public Works and Agriculture. The House will not, I hope, fail to note also that the provision included in the programme of ordinary expenditure under these items is over and above that included in the Post-war Reconstruction programme for the special activities of these departments.

POST-WAR RECONSTRUCTION.

10. I shall now proceed to make just a passing reference to our Post-war Reconstruction programme, for the next year, without which an account of the year's programme of expenditure must necessarily be incomplete. The various works included in our post-war reconstruction programme for the next year are :—

		Rs.
1.	Soil Survey Scheme	2,088
2.	Model Salt Factory	51,720
3.	Shark Liver Oil Manufacture	1,51,362
4.	Establishment of Silk Textile and Spun Silk Factory	2,00,000
5.	Cardamom marketing scheme	1,00,000
6.	Scheme for the development of Fisheries	2,00,000
7.	Opening of experimental farms in High Ranges	30,000
8.	Introduction of free and compulsory education in one rural and two urban areas	7,00,000
9.	Irrigation and other works of the Public Works Department :—	
	(i) Investigation of major irrigation works	1,00,000
	(ii) Improvement of tanks	2,22,560
	(iii) Road Construction	5,00,000
	(iv) Investigation of National High Ways	20,945
	(v) Canal Improvements	3,00,000
	(vi) Kayal Reclamatiom Scheme	2,00,000
	(vii) Coastal Navigation and improvement of Ports	70,0,000
	(viii) Aerodrome	3,38,020
	(ix) Pambayar Scheme	5,00,000
	(x) Improvements to the Vizhinjam Harbour	5,00,000

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(xi)	Augmenting the Kodayar Reservoir—Construction of the Perunchani Dam, etc.	16,07,979
10.	Construction of residential quarters in the Vellayambalam acquired area	5,00,000
11.	Development of Medical Institutions and equipment of District Hospitals	5,00,000

To attempt to give even a rough idea of all these items of work is beyond the limited scope of a budget speech or the time and the patience of the House I may ordinarily count upon for the purpose. I shall therefore speak only about a few of the more important of the various items, though it is well-nigh impossible to decide which is more important than the others, as all the works are specially calculated to secure the immediate or the future advancement and regeneration of the country in different directions.

11. *Education.* I shall begin with education, because there is no denying the fact that a literate population is not only the greatest asset of the State, but is also a necessary preliminary to any advancement in other directions. The House may remember that when the Budget Estimates for the current year were placed before them last year, they were told that Government were having in contemplation a scheme for the introduction of free compulsory primary education in the State. It has since been decided to work out the scheme on a ten year programme. As a first step towards implementing the scheme, primary education is proposed to be made compulsory to begin with in two urban areas *viz.*, Trivandrum and Kottayam and in one rural area *viz.*, the Agastheeswaram Taluk including the municipal town of Nagercoil during the next two years. A census of literacy has already been arranged to be taken in these areas and the Director of Public Instruction has instructions to put up detailed proposals regarding the additional accommodation, equipment, staff, etc., required for the purpose. As a first instalment a provision of Rs. 7 lakhs has been included in the Post-war Reconstruction Budget for working out the scheme.

12. *Medical and Public Health.* Next in importance to, if not in the same level as education, is the health of the people. Government have for some time been feeling that the medical institutions of the State are not fully equipped on the most up-to-date lines. They have therefore declared it as their policy that the existing medical institutions in the State should be reorganised, a selected number of them being run as high-class and well

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equipped hospitals in certain centres, the others being treated as feeder institutions to the central hospitals. This arrangement is proposed to be fully implemented on a three year programme, beginning with the General Hospital, Trivandrum, and the District Hospitals at Quilon, Alleppey and Kottayam as the first instalment of the scheme. For the development of the medical institutions of the State on these lines, a sum of Rs 5 lakhs has been provided in the Post-war Reconstruction Budget for the next year, over and above the provision of Rs 3·91 lakhs in the Public Works Budget for the construction of hospital buildings. The programme for the improvement of medical aid in the State includes the construction at Trivandrum of a first class hospital exclusively for children equipped on the most up-to-date lines, in memory of the late Prince Avittam Thirunal, First Prince of Travancore, who was snatched away from us last year leaving the whole country in irreparable and inconsolable grief. The House is aware that the foundation stone of this hospital has already been laid by His Excellency the Governor of Madras. The hospital with its equipments is estimated to cost Rs 5 lakhs. With a view to assessing the average standard of the public health of the State a public health survey has also been arranged for. Ample provision has also been made in the public health budget for prevention of epidemics and anti-malarial campaigns on an intensive scale.

13. *Agriculture and allied activities.* Our dependence on outside agencies for our food requirements during the five and a half years following the declaration of the war in Europe must have by this time taught us that we should try to be self-reliant to the utmost possible extent by intensive cultivation and scientific development of our natural resources. Government have been giving their serious attention to the matter and they have come to the conclusion that the only possible way to meet the end in view is the improvement of our irrigation facilities. Keeping these considerations in view, they have included in the Post-war Reconstruction Budget for the next year a provision of Rs 17·08 lakhs for the improvement of irrigation facilities, of which Rs 16 lakhs is for the Perunchani Reservoir Scheme, the foundation stone of which has very recently been laid by you, Sir. This scheme is intended as a feeder to the Kodayar Project which was originally expected to be sufficient to meet the requirements of irrigation for 65,000 acres of paddy fields. But the actual experience of the last 40 years has proved that this area could not be fully secured for cultivation. The years 1935 to 1939 were exceptionally bad years of rainfall in South Travancore and consequently large portions of paddy lands in the area

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commanded by the Kodayar Project had either to be left fallow or cultivated with little or no yield. There was some loss to Government on account of the remission of land revenue, not to speak of the still more paramount consideration of the severe hardships caused to the ryots. Government therefore investigated the possibility of constructing a dam at Perunchani and conserve more water to meet the requirements of irrigation. As the result of these investigations, it has been found that if the Paralayar could be dammed up just above the Puthan Dam, it would be possible to conserve sufficient water for the irrigation requirements of the whole of South Travancore. There is also the possibility of developing Hydro-Electric power, though only as a secondary project of the scheme, which power can with advantage be used for the industrialisation of Nanjinad, which is otherwise mainly agrarian. The scheme, when completed, is expected to pay a return of between 5 and 6 per cent. on the capital outlay.

A lump sum provision of Rs 90,000 has also been included in the next year's Budget for implementing the recommendations of Dr. Millen of the Veterinary Department of the Government of India for the re-organisation of our veterinary services with a view *inter alia* to the improvement of our live-stock which, as the House is aware, is one of the most essential requirements for an improved cultivation. It is also proposed to develop silk industry in the State for which a provision of Rs 2 lakhs has been made in the Budget.

The question of the future of the cardamom industry has for some time been engaging the attention of the Government. Though Travancore is the most compact and the most extensive single area producing cardamom, the main bulk storage and marketing centres have been established outside the State. Government therefore propose to take charge of the collection, storage and marketing of cardamom within the State. For this purpose a provision of Rs 1 lakh has been included in the Post-war Reconstruction Budget.

14. *Transport and Navigation.* Under this class come road construction works, canal improvements etc., the most important of these being coastal navigation and improvement of Ports, for which a provision of Rs 7 lakhs is made in the Budget. That this is only a necessary step in the right direction will, I feel sure, be readily admitted. A time there was when Travancore had a maritime history of her own. She had her own sea-borne trade. The State has suffered greatly in the past for having neglected the development of canal and maritime transport and

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it is hoped that the resuscitation of these items will surely serve the State in good stead in providing her with easy means of transport of her goods.

DEBT POSITION

15. From the statement of assets and liabilities furnished on pages 12 and 13 of the Budget estimates, it will be seen that our liabilities at the close of 1121 including the balances at the credit of some of the Funds such as the General Reserve Fund, the Revenue Reserve Fund, the Post-war Reconstruction Fund &c., which are not repayable at call amount to Rs 19·08 crores. Against this liability the total assets including the outlay on productive works which can be treated as real assets aggregate Rs 19·74 crores or Rs 66 lakhs in excess of the total liabilities. It may also be mentioned that the assets do not include the capital outlay on the Kodayar Project which is yielding a revenue of only about 2 per cent. Our public debt stands at only Rs 479 lakhs which is less than the outlay on our productive works which can legitimately be financed from borrowed funds. Our debt position may therefore be considered as quite sound.

WAYS AND MEANS

16. The opening cash balance of the current year according to the financial accounts of 1119 was Rs 272 lakhs. Taking into account the estimated revenue, capital and debt transactions of the year, the current year is expected to close with a cash balance of Rs 267 lakhs and the next year with Rs 162 lakhs. Though a minimum cash balance of Rs 60 lakhs will be sufficient to carry on the day to day transactions of Government in normal years, a higher minimum balance has to be maintained to finance the Post-war Reconstruction and food grains purchase schemes. We have now a cash balance of Rs 267 lakhs, besides Rs 198 lakhs in gilt-edged securities and Rs 41 lakhs in short-term deposits with banks. These resources will serve for all emergencies and our cash position is therefore extremely satisfactory and there will be no need to raise any fresh loan in the market to finance our programme in the next year.

17. Sir, I have attempted to give the House as best as I could an account of the financial position of the State with special reference to the future. My delineation of the picture might have been far from perfect. But I feel confident that the financial position of the State is sound and will continue to be so, even when our revenues suffer the recoil inevitable when prices fall and the war-boom ceases; for we have built up sufficient reserves to meet that contingency and our normal expenditure is adjusted well within the normal revenues.

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